



August 25, 2006

The Honorable Mark Sanford
Governor of South Carolina
Office of the Governor
Post Office Box 12267
Columbia, South Carolina 29211

Dear Governor Sanford:

The University of South Carolina is committed to providing the citizens of the Palmetto State with educational opportunities and experiences that will establish the foundation for a quality future. As the flagship institution of South Carolina, the institution has established major goals which require maximum efficiency of scarce resources to meet these objectives. The significant progress achieved over the last two years is a reflection of excellent stewardship of the resources entrusted to the institution by the students, parents, alumni, friends (corporate and private) and the State of South Carolina.

Funding of higher education in the State of South Carolina has not kept pace with the escalating costs of providing South Carolina with a flagship university that meets the needs of the state and the nation and, as a result, we have been required to become more dependent on tuition and fees. The University's budget process has always required the prioritization of strategic initiatives to provide the highest quality educational experience.

The University of South Carolina strongly supports the South Carolina Commission on Higher Education's number one priority of increased investment in quality outcomes for higher education by increasing the recurring operating funds by \$45 million for all institutions. As institutions strive to meet the demands of a globally competitive society, recurring funding for operations will assist institutions in meeting these challenges and keep tuition increases to a minimum.

The new funding requests for the University of South Carolina are summarized below and reflect the careful evaluation of the University's budget.

Columbia Campus

The Columbia campus is requesting \$4,800,000 to support the Faculty Excellence Initiative recruitment program. This program is essential to fulfill the institution's mission of providing its students with outstanding scholars to enrich their educational experience. The University has successfully improved each year's freshman class by attracting top-notch students who are eager to obtain a quality education. In addition, the institution is experiencing unprecedented enrollment growth as more students are attracted to the University of South Carolina. Today, more than ever before, we are keeping large numbers of South Carolina's best and brightest here to learn and ultimately enrich our communities and businesses. Now, we must provide faculty scholars who will provide the vision and talent to produce successful citizens.

The Freshwater River Environmental Initiative is an excellent opportunity for educational collaboration from K-12 to postsecondary as well as community organizations. The \$1.5 million funding of this project will ensure that the State of South Carolina remains a recognized leader in environmental and ecological issues of concern to the future of our state and its citizens.

OneCarolina is the University's multi-year initiative to replace its outdated administrative computing applications, including Student Information Systems, Finance, Sponsored Programs and Human Resources into one easily-accessible, Web-based system. This change in technology is necessary to manage the University system in a professional manner that is both cost effective and responsive to our constituents.

The South Carolina Commission on Higher Education will submit a request on behalf of the three research institutions for \$4.5 million for funding of the SC LightRail. This ambitious plan will benefit every citizen of the State of South Carolina by improving communications between healthcare organizations, research units, and educational institutions. The SC LightRail is a collaborative project involving participation by the Medical University of South Carolina, Clemson University, the University of South Carolina and Health Sciences South Carolina which will improve healthcare for the citizens of South Carolina. Scientists and researchers need the network capacity of SC LightRail in order to take full advantage of the grid/high performance computing opportunities offered through the SURA/IBM partnership.

The Columbia campus has identified two capital budget priorities: the School of Law building replacement and the historic Gibbes Green renovations. Funding of capital projects is a high priority as we strive to achieve excellence in all aspects of the institution's mission. The condition of facilities is a vital consideration when programs are under review for accreditation.

USC Senior and Regional Campuses

The USC Senior campuses at Aiken, Upstate and Beaufort and the Regional campuses at Lancaster, Salkehatchie, Sumter and Union request that non-recurring parity funding received in FY07 move to recurring funding in FY2008. These funds are essential to the continued operations of the campuses and the successful fulfillment of their missions. Each campus priority one requests provides detail for the use of these funds. The campuses also support the South Carolina Commission on Higher Education budget request for investment in quality outcomes. Each campus has provided a priority two request with a detailed justification for these additional funds. The CHE provided a ranking of capital projects for all institutions and these are identified as capital budget priorities for these campuses.

Addendum

For fiscal year 2007, the General Assembly took a significant step in funding higher education with the allocation of non-recurring funds to address parity issues as well as the funding provided for the recruitment of faculty at the research institutions. With these additional funds, the USC Board of Trustees held the FY2007 tuition increase to the lowest percentage increase in several years.

If the USC campuses are required to meet a “cost savings” of state appropriated funds in FY2008, a reduction in force plan may be developed and submitted to the South Carolina Office of Human Resources in compliance with regulations established by the Budget and Control Board. The University’s Board of Trustees may consider other alternatives if a “cost savings” is implemented. The University of South Carolina system has met the challenges of increasing operating costs during a time of dwindling state funding by employing strategic cost savings and prioritization of activities. Further cuts in state support would be a significant step backward at a time when most states are increasing funding for their flagship universities.

It is a difficult, if not impossible task to identify the lowest priority activities of the University of South Carolina’s campuses since each activity directly supports the mission of teaching, research and public service. The activities reported in the Agency Activity Inventory are based on expenditure classifications established by the National Association of College and University Business Officers (NACUBO) and are standard across higher education. These classifications identify all critical and necessary components of an institutions mission and are not separable. As such, we feel all of our activities are critical to fulfilling the mission of our University.

Provisos

The University of South Carolina system is not requesting changes to any provisos.

The University has experienced unprecedented growth over the last four years and only by strategic allocation of resources have we been able to meet the challenges presented. Our mission is to teach, conduct research, and engage the community and the state in productive partnerships that are integral to a successful relationship between our institution and our citizens, and deliver on our commitment to contribute broadly to the future of our state as a publicly assisted institution.

Sincerely,

Andrew A. Sorensen

c: Dr. Mark Becker, Provost
Mr. Richard Kelly, Vice President
Dr. Gail M. Morrison, Interim Director, CHE
Mr. Harry Bell, Budget and Control Board

FISCAL YEAR 2007-08 BUDGET PLAN

I. EXECUTIVE SUMMARY

A. Agency Section/Code/Name: **5KA/H27/UNIVERSITY OF SOUTH CAROLINA COLUMBIA**

B. Statewide Mission: **The primary mission of the University of South Carolina, a multi-campus public institution serving the entire state of South Carolina, is the education of the state's diverse citizens through teaching, research and creative activity, and service.**

C. Summary Description of Strategic or Long-Term Goals:

(1) Teaching

The University is committed to providing its students with the highest-quality education, including the knowledge, skills, and values necessary for success and responsible citizenship in a complex and changing world. A particular strength of the University of South Carolina is the excellence, breadth, and diversity of the institution's faculty.

(2) Research

Convinced that research and scholarship, including artistic creation, are essential for excellent teaching, the University aggressively pursues an active research and scholarship program. The University is dedicated to using research to improve the quality of life for South Carolinians.

(3) Service

Another important facet of the University's public mission is service -- to its community, state, nation, and the world in such areas as public health, education, social issues, economic development, and family support systems.

D.

Summary of Operating Budget Priorities for FY 2007-08:		FUNDING					FTEs			
		State Non-Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority No.: 1	Title: Faculty Excellence Initiative	0	4,800,000	0	0	\$4,800,000	75.00	0	0	75.00
Strategic Goal No. Referenced in Item C Above <i>(if applicable)</i> : 1 Activity Number & Name: 465-471 Instruction										
Priority No.: 2	Title: Freshwater River Environmental Initiative	0	1,500,000	0	0	\$1,500,000	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above <i>(if applicable)</i> : 2,3 Activity Number & Name: 458 Research 459 Public Service										
Priority No.: 3	Title: OneCarolina		3,032,920	0	0	\$3,032,920	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above <i>(if applicable)</i> : 1,2,3 Activity Number & Name: NEW										

Summary of Operating Budget Priorities for FY 2007-08:		FUNDING					FTEs			
		State Non- Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority No.: 4	Title: SC LightRail	1,500,000	0	0	0	\$1,500,000	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above (if applicable): 2,3 Activity Number & Name: 458 Research 459 Public Service										
TOTAL OF ALL PRIORITIES		\$1,500,000	\$9,332,920	\$ 0	\$ 0	\$10,832,920	75.00	0.00	0.00	75.00

E. Agency Recurring Base Appropriation:
State \$ 164,524,457
Federal\$ 152,402,829
Other \$ 471,717,321

F. Efficiency Measures: South Carolina Commission on Higher Education (CHE) Performance Funding Rating for FY04-05:
Substantially exceeds 2.85 out of 3. Note: FY2004-05 is the last year the CHE provided scores based on the performance funding model.

G.

Summary of Capital Budget Priorities:			Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Priority No.: 1 of 2	Project Name: School of Law New Building Construction Activity Number & Name: 462 Operations & Maintenance	Project No*: H27-9867	20,000,000	10,000,000	35,000,000	\$65,000,000

Priority No.: 2 of 2	Project Name: Gibbes Green Historic Facilities Renovations Activity Number & Name: 462 Operations & Maintenance	Project No*: H27-9835	22,900,000	9,900,000	0	\$32,800,000
TOTAL OF ALL CAPITAL BUDGET PRIORITIES			\$42,900,000	\$19,900,000	\$35,000,000	\$97,800,000

* If applicable

H. Number of Proviso Changes: **NONE**

I. Signature/Agency Contacts/Telephone Numbers:

Richard W. Kelly
Vice President and Chief Financial Officer
(803) 777-7481

Leslie G. Brunelli
Budget Director
(803) 777-1967

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: **Section 5KA/H27/University of South Carolina**

B. Priority No. **_1_** of **_4_**

C. (1) Title: **Faculty Excellence Initiative**

(2) Summary Description: **The Faculty Excellence Initiative (FEI) is a recruitment plan designed to attract faculty to the State of South Carolina and the University to support our mission. FEI will bring in new tenure-track faculty with an emphasis toward recruiting multidisciplinary clusters of scholars who build on our strengths and toward an innovative future. Faculty will be recruited for each of USC's 15 degree-granting colleges and schools with a goal of reducing the student to faculty ratio in critical areas. The enrollment at USC Columbia has increased substantially in the last four years with an 18% growth since Fall 2001. The freshman class of 2009 will be the largest and most academically accomplished in University history.**

(3) Strategic Goal/Action Plan (*if applicable*): **Teaching - The University is committed to providing its students with the highest-quality education, including the knowledge, skills, and values necessary for success and responsible citizenship in a complex and changing world. A particular strength of the University of South Carolina is the excellence, breadth, and diversity of the institution's faculty.**

D. Budget Program Number and Name: **Agency-wide**

E. Agency Activity Number and Name: **465-471 Instruction**

F. Detailed Justification for Funding

(1) Justification for Funding Increase: **The University of South Carolina is committed to providing South Carolinians with a quality education comparable to any higher education institution. Funding is critical to meet the challenge of recruiting accomplished faculty who will provide our student's the best educational experience. The State of South Carolina's funding of higher education has not kept pace with our peer states and this lack of funding has hampered our ability to compete in the academic marketplace for faculty. In addition, the University has been faced with exceptionally high inflationary costs over the last two years.**

(2)

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
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Personnel:					
(a) Number of FTEs*		75.00			75.00
(b) Personal Service		3,800,000			\$3,800,000
(c) Employer Contributions		1,000,000			\$1,000,000
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses					\$ 0
Total	\$ 0	\$4,800,000	\$ 0	\$ 0	\$4,800,000
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State **\$ 164,524,457**

Federal **\$ 152,402,829**

Other **\$ 471,717,321**

(4) Is this priority associated with a Capital Budget Priority? **No** If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(1) Justification for New FTEs

(a) Justification: **The Faculty Excellence Initiative recruitment is targeted at new faculty positions to meet the growing population of students at the University of South Carolina.**

(b) Future Impact on Operating Expenses or Facility Requirements: **The impact on operating expenses is expected to be minimal with the changing demographics of the current faculty population. Facility requirements are currently under review.**

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title: Assistant Professor					

(a) Number of FTEs	45.00				45.00
(b) Personal Service	1,800,000				\$1,800,000
(c) Employer Contributions	450,000				\$450,000

	State	Federal	Earmarked	Restricted	Total
Position Title: Associate Professor					
(a) Number of FTEs	30				30.00
(b) Personal Service	2,000,000				\$2,000,000
(c) Employer Contributions	550,000				\$550,000

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State **2,589.38**
Federal **240.41**
Other **1,802.16**

Agency-wide Vacant FTEs as of July 31, 2006: **385.4023**
% Vacant **8.3205**%

H. Other Comments: **The vacant FTE number is higher than normal because of 9-month faculty who will not be appointed until August 2006 for the AY2007.**

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: **Section 5KA/H27/University of South Carolina**

B. Priority No. 2 of 4

D. (1) Title: **Freshwater River Environmental Initiative**

(2) Summary Description: **The Freshwater River Environmental Initiative will provide research and education initiatives related to effects of flood control systems on aquatic life and the biological environment in the surrounding terrain and an investigation of seasonal fluctuations of phosphorous and nitrogen levels. The initiative will provide for collaborations with K-12 and other postsecondary institutions interested in environmental biology/microbiology, health and toxicology, hydrology, chemical ecology and environmental engineering curriculums.**

(3) Strategic Goal/Action Plan (*if applicable*): **Teaching, Research, and Service**

D. Budget Program Number and Name: **Agency-wide**

E. Agency Activity Number and Name: **465-471 Instruction, 458 Research, 459 Public Service**

F. Detailed Justification for Funding

(1) Justification for Funding Increase: **Funding of the Freshwater River Environmental Initiative will encourage state-of-the-art research collaboration between USC, K-12 and postsecondary institutions, state and local agencies and result in increased awareness of ecological issues that will affect future generations.**

(2)

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses		1,500,000			\$1,500,000
Total	\$ 0	\$1,500,000	\$ 0	\$ 0	\$1,500,000
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State \$ **164,524,457**

Federal \$ **152,402,829**

Other \$ **471,717,321**

(4) Is this priority associated with a Capital Budget Priority? **No** If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(2) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0

(c) Employer Contributions					\$ 0
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(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State 2,589.38

Federal 240.41

Other 1,802.16

Agency-wide Vacant FTEs as of July 31, 2006: 385.4023

% Vacant 8.3205%

H. Other Comments: **The vacant FTE number is higher than normal because of 9-month faculty who will not be appointed until August 2006 for the AY2007.**

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: **Section 5KA/H27/University of South Carolina**

B. Priority No. **3** of **4**

C. (1) Title: **OneCarolina**

(2) Summary Description: **OneCarolina is the most ambitious and far-reaching transformation of information tools and digital resources in the history of the University. Over the next several years, USC will welcome some 600 new faculty members through the Faculty Excellence Initiative, the Centenary Plan, and as successors to retiring faculty. These new faculty members - and tens-of-thousands of students who will matriculate at USC - will expect instant, mobile access to fast and ubiquitous communications networks; comprehensive storehouses of digital information; cutting-edge, computer-driven resources for instruction, scholarship, and research; and contemporary IT business and administrative tools to help manage the USC enterprise efficiently. The largest element of OneCarolina will be an extensive overhaul of USC's student, financial, and human resources enterprise information systems. These systems - collectively referred to as Enterprise Resource Planning (ERP) systems – enable the University to: recruit and enroll students; arrange class rosters and schedules; develop and store transcripts; produce bills and payrolls; track and analyze accounts; manage grant activity; organize and store faculty and staff employment records; and, perform thousands of other functions that are essential in a complex organization.**

(3) Strategic Goal/Action Plan (*if applicable*): **As the largest institute of higher learning in the state, the University of South Carolina has an enrollment of more than 37,000 students, encompassing eight campuses statewide. The desire of the University is to be positioned as an institution of excellence along with achieving and an even greater national recognition among peer institutions. It is through continued excellence in education, research and community service that USC seeks to fulfill its mission and expand horizons.**

D. Budget Program Number and Name: **Agency-wide**

E. Agency Activity Number and Name: **The OneCarolina project will encompass all activities.**

F. Detailed Justification for Funding

(1) Justification for Funding Increase:

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
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Personnel:					
(a) Number of FTEs*					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses		3,032,920			\$3,032,920
Total	\$ 0	\$3,032,920	\$ 0	\$ 0	\$3,032,920
* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.					

(3) Base Appropriation:

State \$ **164,524,457**

Federal \$ **152,402,829**

Other \$ **471,717,321**

(4) Is this priority associated with a Capital Budget Priority? **No** If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(3) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0

(c) Employer Contributions					\$ 0
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(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State 2,589.38
Federal 240.41
Other 1,802.16

Agency-wide Vacant FTEs as of July 31, 2006: 385.4023

% Vacant 8.3205%

H. Other Comments: **The vacant FTE number is higher than normal because of 9-month faculty who will not be appointed until August 2006 for the AY2007.**

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: **Section 5KA/H27/University of South Carolina**

B. Priority No. **_4_** of **_4_**

D. (1) Title: **SC LightRail**

(2) Summary Description: **The South Carolina LightRail (SCLR) is a collaborative project among the members of Health Sciences South Carolina to support and enhance economic development, research, education and healthcare in South Carolina. SCLR is envisioned as a broadband, high-speed optical network that will extend throughout the state and link to regional and national networks such as Southern Light Rail (SLR) in Atlanta, National Lambda Rail (NLR), Internet2, and SURAggrid (Southeastern University Research Association grid computing initiative).**

(3) Strategic Goal/Action Plan (*if applicable*):

Research - Convinced that research and scholarship, including artistic creation, are essential for excellent teaching, the University pursues aggressively an active research and scholarship program. The University is dedicated to using research to improve the quality of life for South Carolinians.

Service - Another important facet of the University's public mission is service -- to its community, state, nation, and the world in such areas as public health, education, social issues, economic development, and family support systems.

D. Budget Program Number and Name: **Agency-wide**

E. Agency Activity Number and Name: **New – none available**

F. Detailed Justification for Funding

(1) Justification for Funding Increase: **Each of the three major research institutions (USC, MUSC, and Clemson) are requesting funding to support the SCLR as a statewide project that will help promote the economy of the State of South Carolina. Non-recurring funding has been requested from the South Carolina Commission on Higher Education to cover one-time project costs and additional planning costs. Support for this project is critical to developing a competitive edge in technology based society.**

(2)

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses	1,500,000				\$1,500,000
Total	\$1,500,000		\$ 0	\$ 0	\$1,500,000
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State \$ **164,524,457**

Federal \$ **152,402,829**

Other \$ **471,717,321**

(4) Is this priority associated with a Capital Budget Priority? **No** If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(4) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
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Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State 2,589.38
Federal 240.41
Other 1,802.16

Agency-wide Vacant FTEs as of July 31, 2006: 385.4023

% Vacant 8.3205%

H. Other Comments: **The vacant FTE number is higher than normal because of 9-month faculty who will not be appointed until August 2006 for the AY2007.**

III. DETAILED JUSTIFICATION FOR CAPITAL BUDGET PRIORITIES

A. Agency Section/Code/Name: **H27 USC Columbia**

B. Priority No. 1 of 2

C. Strategic Goal/Action Plan (*if applicable*): **Teaching/Instruction**

D. Project Name and Number (*if applicable*): **H27-9867 School of Law New Building**

E. Agency Activity Number and Name: **462 Operations and Maintenance**

F. Description of Priority:

This submittal reflects an increase of \$20 million in requested CIB funding and \$35 million in Private Funds.

This project is for the construction of a new facility for the School of Law. The building is desired to include approximately 250,000 square feet and to accommodate a program with an enrollment of 600 - 750 students. The facility will be located on property owned by the University in the block bordered by Senate, Bull, Gervais, and Pickens Streets.

The project is currently in the design development stage and cannot proceed further until full funding is available.

G. Detailed Justification for Funding

(1) Justification for Funding Priority:

An adequate building suited to the technological and instructional needs of law students is essential. The USC School of Law is the only fully accredited public legal education program in South Carolina. The condition of the current facility has been noted by the school's accreditation agency as a matter of continuing concern. Constructed in the early 1970's, the building contains asbestos, which makes repairs and renovations to accommodate the school's changing educational needs prohibitively expensive.

The only alternative is to continue to operate in the current facility, hampered by the lack of adequately maintained facilities and the inability to make the needed renovations to accommodate programmatic changes of the school.

The project is currently funded with \$10 million in Capital Improvement Bonds. It is anticipated that an additional \$35 million in Private Funds will be included in the total funding.

This project was included in the 2006 CIP and was listed as the number one priority.

(2)

Total Project Cost Estimates:	Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Total Project Cost*	\$20,000,000	\$10,000,000	\$35,000,000	\$65,000,000

* If additional annual operating costs from any source of funding are anticipated upon project completion please complete Sections H and I (Justification for Additional Future Annual Operating Costs) below.

H. Justification for First Year Additional Future Annual Operating Costs:

Will additional annual operating costs be absorbed into your existing budget? **Yes**

If not, will additional state funds be needed in the future? _____

If state funds will not be needed in the future, explain the source(s) that will be used. _____

First Fiscal Year Additional Annual Operating Costs Are Anticipated: **2009/10** Will this fiscal year require a partial or full year's operating funds? **Full** If a partial year's funds are required, what portion of the year does it cover? _____

(3)

Additional Annual Operating Cost Details:	State Non-Recurring	State Recurring	Federal	Other	Total
Total Costs:					
(a) Number of FTEs				24	24.00
(b) Total Personnel Costs				\$809,744	\$809,744
(c) Furniture/Equipment				\$0	\$ 0
(d) Other Operating Costs				\$801,346	\$801,346
Total	\$ 0	\$ 0	\$ 0	\$1,611,090	\$1,611,090

I. Justification for First Full Year Additional Future Annual Operating Costs (If Section H above represents a full year's operating funds, do not complete this section.)

(1) Will additional annual operating costs be absorbed into your existing budget? _____
 If not, will additional state funds be needed in the future? _____
 If state funds will not be needed in the future, explain the source(s) that will be used. _____

(2) First Full Fiscal Year Additional Annual Operating Costs Are Anticipated: _____

(3)

Additional Annual Operating Cost Details:	State Non-Recurring	State Recurring	Federal	Other	Total
Total Costs:					
(a) Number of FTEs					0.00
(b) Total Personnel Costs					\$ 0
(c) Furniture/Equipment					\$ 0
(d) Other Operating Costs					\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

J. Other Comments:

III. DETAILED JUSTIFICATION FOR CAPITAL BUDGET PRIORITIES

A. Agency Section/Code/Name: **H27 USC Columbia**

B. Priority No. 2 of 2

C. Strategic Goal/Action Plan (*if applicable*): **Teaching/Instruction**

D. Project Name and Number (*if applicable*): **H27-9835 Gibbes Green Historic Facilities Renovations (LeConte/Petigru)**

E. Agency Activity Number and Name: **462 Operations and Maintenance**

F. Description of Priority:

This submittal reflects an increase of \$22.9 million in requested CIB funds for the next phase of the project, renovations of LeConte College and Petigru College. This project will ultimately include all renovations associated with the Gibbes Green facilities. Additional facilities that will eventually be included in this project include Barnwell, and Hamilton Colleges. The scope of work is very similar for all projects.

Work will include upgrading of the outdated mechanical, plumbing, and electrical systems as well as modifications required to meet current life safety codes. Work to repair and protect the building envelope will also be performed, including caulking, reglazing, roofing, painting, and waterproofing. Interior modification will also be made to accommodate the programmatic needs of the academic unit that is to occupy the facility. The area to be renovated in LeConte College and Petigru College is 114,441 gross square feet.

Scope of work will also include infrastructure improvements to Gibbes Green including relocation of electrical vaults and manholes, relocation of steam and chilled water lines, and relocation and upgrading of communication lines.

The first facility to be renovated as part of this project will be LeConte College. Total renovations of this facility will resolve \$8,195,136 in maintenance needs identified in a comprehensive facility condition analysis conducted in 2004 by ISES.

The project will be phased over multiple years as funding becomes available.

G. Detailed Justification for Funding

(1) Justification for Funding Priority:

The buildings located on Gibbes Green were constructed over 50 years ago. The physical condition of all buildings in the area includes outdated mechanical, plumbing, and electrical systems and the buildings do not meet current life safety codes. Building envelopes have deteriorated and are in need of repair. Interior modifications are required to meet the needs of the academic programs to occupy the facility.

The alternative to this project is to continue to operate in the existing facilities, making emergency repairs and minor modifications.

The project is currently funded with \$9.9 million in Capital Improvement Bonds.

This project was included in the 2006 CPIP and was listed as the number two priority.

(2)

Total Project Cost Estimates:	Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Total Project Cost*	\$22,900,000	\$9,900,000	0	\$32,800,000

** If additional annual operating costs from any source of funding are anticipated upon project completion please complete Sections H and I (Justification for Additional Future Annual Operating Costs) below.*

H. Justification for First Year Additional Future Annual Operating Costs: **No additional annual operating costs are anticipated.**

Will additional annual operating costs be absorbed into your existing budget? _____

If not, will additional state funds be needed in the future? _____

If state funds will not be needed in the future, explain the source(s) that will be used. _____

First Fiscal Year Additional Annual Operating Costs Are Anticipated: _____ Will this fiscal year require a partial or full year's operating funds? _____ If a partial year's funds are required, what portion of the year does it cover? _____

(3)

Additional Annual Operating Cost Details:	State Non-Recurring	State Recurring	Federal	Other	Total
Total Costs:					
(a) Number of FTEs					0.00
(b) Total Personnel Costs					\$ 0
(c) Furniture/Equipment					\$ 0
(d) Other Operating Costs					\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

I. Justification for First Full Year Additional Future Annual Operating Costs (*If Section H above represents a full year's operating funds, do not complete this section.*)

- (1) Will additional annual operating costs be absorbed into your existing budget? _____
If not, will additional state funds be needed in the future? _____
If state funds will not be needed in the future, explain the source(s) that will be used. _____
- (2) First Full Fiscal Year Additional Annual Operating Costs Are Anticipated: _____

(3)

Additional Annual Operating Cost Details:	State Non-Recurring	State Recurring	Federal	Other	Total
Total Costs:					
(a) Number of FTEs					0.00
(b) Total Personnel Costs					\$ 0
(c) Furniture/Equipment					\$ 0
(d) Other Operating Costs					\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

J. Other Comments:

FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

I. 2% COST SAVINGS ASSESSMENT

- A. Agency Section/Code/Name: **5KA/H27/UNIVERSITY OF SOUTH CAROLINA COLUMBIA**
- B. Agency Activity Number and Name:
- C. Explanation of Cost Savings Initiative: **For fiscal year 2007, the General Assembly took a significant step in funding higher education with the allocation of non-recurring funds to address parity issues as well as the funding provided for the recruitment of faculty at the research institutions. With these additional funds, the USC Board of Trustees held the FY2007 tuition increase to the lowest percentage increase in several years.**
- D. Estimate of Savings:

FY 2007-08 Cost Savings Estimates:	General	Federal	Other	Total
Personnel:				
(a) Number of FTEs				0.00
(b) Personal Service				\$ 0
(c) Employer Contributions				\$ 0
Program/Case Services				\$ 0
Pass-Through Funds				\$ 0
Other Operating Expenses				\$ 0
Total	\$3,290,489	\$ 0	\$ 0	\$3,290,489

- E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):
If the USC campuses are required to meet a “cost savings” of state appropriated funds in FY2008, a reduction in force plan will be developed and submitted to the South Carolina Office of Human Resources in compliance with regulations established by the

Budget and Control Board. The University’s Board of Trustees may consider other alternatives if a “cost savings” is implemented. The University of South Carolina system has met the challenges of increasing operating costs during a time of dwindling state funding by employing strategic cost savings and prioritization of activities.

F.

Summary of Cost Savings Initiatives for FY 2007-08:	FUNDING				FTEs			
	General	Federal	Other	Total	State	Fed.	Other	Total
Initiative Title:	0	0	0	\$ 0	0	0	0	0.00
Activity Number & Name:								
Initiative Title:	0	0	0	\$ 0	0	0	0	0.00
Activity Number & Name:								
Initiative Title:	0	0	0	\$ 0	0	0	0	0.00
Activity Number & Name:								
TOTAL OF ALL INITIATIVES	\$3,290,489	\$ 0	\$ 0	\$3,290,489	0.00	0.00	0.00	0.00

FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

II. PRIORITY ASSESSMENT OF AGENCY ACTIVITIES

- A. Agency Section/Code/Name: **5KA/H27/UNIVERSITY OF SOUTH CAROLINA COLUMBIA**
- B. Agency Activity Number and Name:
- C. Explanation of Lowest Priority Status: **It is a difficult, if not impossible task to identify the lowest priority activities of the University of South Carolina's campuses since each activity directly supports the mission of teaching, research and public service. The activities reported in the Agency Activity Inventory are based on expenditure classifications established by the National Association of College and University Business Officers (NACUBO) and are standard across higher education. These classifications identify all critical and necessary components of an institutions mission and are not separable. As such, we feel all of our activities are critical to fulfilling the mission of our University.**

- D. Estimate of Savings:

Estimate of Savings:	General	Federal	Supplemental	Capital Reserve	Other	Total
Personnel:						
(a) Number of FTEs	0	0	0	0	0	0.00
(b) Personal Service	0		0	0	0	\$ 0
(c) Employer Contributions	0		0	0	0	\$ 0
Program/Case Services	0	0	0	0	0	\$ 0
Pass-Through Funds	0	0	0	0	0	\$ 0
Other Operating Expenses	0	0	0	0	0	\$ 0
Total	\$0	\$ 0	\$0	\$ 0	\$ 0	\$ 0

E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):

F.

Summary of Priority Assessment of Activities	General	Federal	Supplemental	Capital Reserve	Other	Total	FTEs
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
TOTAL OF LOWEST PRIORITIES	\$0	\$ 0	\$0	\$ 0	\$ 0	\$0	0.00